



Committee On Finance

Max Baucus, Ranking Member

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Baucus Expresses Concerns Over Report on Social Security

Poverty Rate Could Rise Among Seniors According to New Study Senator Says

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus said that a Social Security proposal being seriously considered by the Bush Administration would have pushed seven million seniors into poverty this year, had the plan been in effect since the Social Security program began in 1940. Baucus is ranking member of the Senate Finance Committee, which has jurisdiction over the Social Security program. This information was contained in a new report Baucus requested from the non-partisan Congressional Research Service (CRS).

Currently, there are 3.5 million seniors who are living in poverty in the U.S. The report indicates, however, that 10.5 million seniors would be in poverty this year if the plan being seriously considered by the White House had been initiated in 1940, the first year in which Social Security benefits were issued.

“Social Security is a crucial program for our seniors,” Baucus said. “Had this proposal been in place since 1940, it would have pushed many of our seniors into poverty. As the President and Congress work on ways to strengthen Social Security, we need to keep in mind this program is critical to protect seniors from poverty.”

The proposal the Bush Administration has suggested it might support would change the way Social Security benefits are calculated. Under the proposal, Social Security benefits paid in the first year of retirement would be indexed to price growth in the economy, not wage growth. This would result in deep cuts in benefits of 25% to 50% for workers with average earnings who retire in the future. If this proposal had been in place since the Social Security program began, workers with average earnings who retire at age 65 would be receiving benefits that are 60% lower than those that are currently being paid to them.

Baucus noted that, currently, about 10% of our seniors are living in poverty. If this proposal had been in place since 1940, 30% of our seniors would now be in poverty.

“The results in this report should serve as a warning that we must protect seniors from the effects of devastating cuts in their Social Security benefits,” Baucus said. “America’s seniors and future retirees deserve the benefits that they paid for and were promised. We cannot allow our future generations to have cuts in benefits drive them into destitute conditions. Social Security has saved many from the depths of poverty. I will work to ensure that this program continues to do so in the future.”

A link to the CRS report can be found on the Finance Committee’s website at: [CRS Report](#).

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